

[John Dillon, VPR News](#)

(Host) Milk prices paid to dairy farmers are creeping upwards, providing some hope that Vermont will lose fewer farms than predicted this year.

But experts say any price relief will be short-lived. So a group of local dairy farmers is trying to get Congress to overhaul dairy legislation as part of the 2012 farm bill.

VPR's John Dillon reports:

(Dillon) A year ago, dairy farmers around Vermont struggled to pay bills as they saw their pay checks drop due to record low milk prices.

Deputy Agriculture Secretary Diane Bothfeld says the price paid for 100 pounds of milk has rebounded somewhat over the last few months.

(Bothfeld) "A little better, better than last year. Looking at a potential average of \$15.88 for this year for Vermont compared to the \$12 range last year. So, better. But our cost of production is still more around the \$18 range. So it's still better, better than it was in 2009 but probably not enough to meet general day-to-day needs plus repayment of the debt."

(Dillon) The state now has just over 1,000 dairy farms. And the Agriculture Agency had predicted last month that Vermont could lose 200 farms this year.

Bothfeld says after talking with bankers and farmers, she now thinks the numbers may not be quite that bleak.

Beef prices have gone up, which has helped cash flow. And she says farmers have found other ways to bring in income, including selling timber or land.

(Bothfeld) "Will it be 200 by the end of the year for Vermont? There's still that potential. I'm hopeful that it will not be that. But there are some farms out there that are still very much on the edge financially and watching cow prices, and watching the market, and also dealing with their creditors."

(Dillon) Farmer Bill Rowell says the upswing in milk prices has helped his large Franklin County operation. But he says the dairy economy will continue to experience wide swings in prices.

(Rowell) "They're headed up and sometime in 2012 they're going to go back to the low we saw this last cycle, or even lower."

(Dillon) Rowell was in Washington last week, trying to lay the groundwork for legislation that he says could break the boom and bust cycle.

Rowell supports a supply management system that would create incentives for farmers to control production.

(Rowell) "We've built an inventory of what - something like a billion pounds of product, cheese and powder that sort of thing. And we're standing in the shadow of that inventory today. That's why prices aren't rebounding like they should have. If we don't balance the production with the demand we'll see prices as low or lower than we saw this last round."

(Dillon) Congressmen Peter Welch has signed onto legislation that would enact a national supply management program. Rowell says Senator Bernie Sanders will soon introduce a similar bill in the Senate.

For VPR News, I'm John Dillon in Montpelier.

